



CANADIAN WESTERN LUMBER  
COMPANY, LIMITED

44<sup>TH</sup>

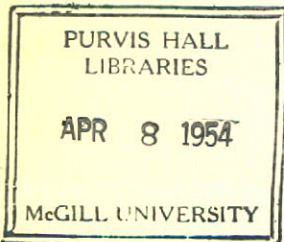
ANNUAL REPORT

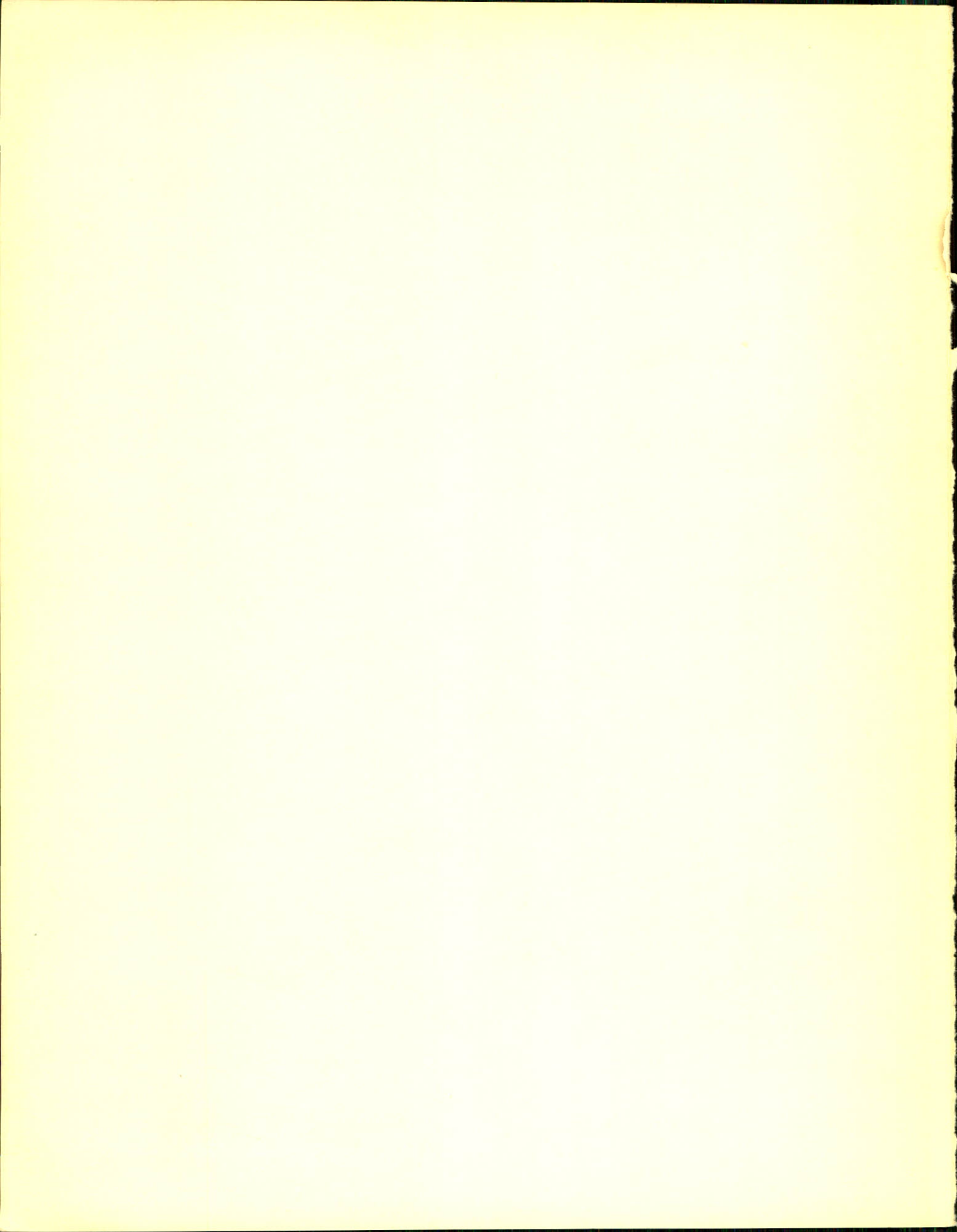
YEAR

1953

AND

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS





# CANADIAN WESTERN LUMBER COMPANY, LIMITED

(Incorporated under the laws of Canada)

HEAD OFFICE  
355 BURRARD STREET,  
VANCOUVER, B. C.

MILLS AND FACTORIES  
FRASER MILLS,  
B. C.

## BOARD OF DIRECTORS

F. B. BROWN	- VANCOUVER, B. C.	M. F. RYAN	- FRASER MILLS, B. C.
R. J. FILBERG, O.B.E.	- VANCOUVER, B. C.	W. A. WALKER	- TORONTO, ONT.
W. J. MACKIN	- VANCOUVER, B. C.	F. N. YOUNGMAN	- VANCOUVER, B. C.
COL. K. R. MARSHALL, C.M.G., D.S.O.	- TORONTO, ONT.		

## OFFICERS

F. N. YOUNGMAN	- Chairman of the Board	- VANCOUVER, B. C.
R. J. FILBERG	- President	- VANCOUVER, B. C.
W. J. MACKIN	- First Vice-President	- VANCOUVER, B. C.
M. F. RYAN	- Vice-President and Managing Director	- FRASER MILLS, B. C.
J. C. SHEASGREEN	- Vice-President	- VANCOUVER, B. C.
W. A. WALKER	- Secretary	- TORONTO, ONT.
T. A. FRASER	- Treasurer	- VANCOUVER, B. C.
D. HOUSSER	- General Sales Manager	- FRASER MILLS, B. C.
D. E. STAFFORD	- Assistant Secretary	- VANCOUVER, B. C.
A. H. W. YOUNG	- Assistant Treasurer	- FRASER MILLS, B. C.
P. D. MARE	- Assistant Treasurer	- FRASER MILLS, B. C.

## SUPERVISORY AND SALES OFFICIALS, FRASER MILLS, B. C.

A. C. EWART	- Production Superintendent	E. F. JORDAN	- Manager Plywood and Door Divisions
J. HOYEM	- Mechanical Superintendent	J. MACKENZIE	- Shingle and Door Sales Manager
H. C. CRANDELL	- Chief Engineer	R. C. McMILLAN	- Plywood Sales Manager

## TRANSFER AGENTS AND REGISTRAR FOR SHARES

NATIONAL TRUST COMPANY LIMITED - - - - - VANCOUVER, B. C., TORONTO, ONT.,  
MONTREAL, P.Q.  
THE BRITISH EMPIRE TRUST COMPANY, LIMITED - - - - - LONDON, ENGLAND

## SECRETARY IN ENGLAND

THE BRITISH EMPIRE TRUST COMPANY, LIMITED, 52-60 BISHOPSGATE, LONDON, E.C.2.

## AUDITORS

HELLIWELL, MACLACHLAN & Co., VANCOUVER, B. C.

## SUBSIDIARY COMPANIES

### COMOX LOGGING AND RAILWAY COMPANY, LADYSMITH, B. C.

A. W. RAFTER . . . . . *Vice-President and Manager* . . . . . LADYSMITH, B. C.

### FRASER MILLS SASH, DOOR AND SHINGLE CO., LIMITED, FRASER MILLS, B. C.

D. E. McLEOD . . . . . *Superintendent Shingle Mill*

J. SCOTT . . . . . *Superintendent Plywood and Door Divisions*

### CANADIAN TUGBOAT COMPANY, LIMITED, FRASER MILLS, B. C.

S. H. CLIFFE . . . . . *Vice-President and General Manager*

### COAST LUMBER YARDS, LIMITED, WINNIPEG, MAN.

A. COOPER . . . . . *Manager*

### CROWN LUMBER COMPANY, LIMITED, CALGARY, ALTA.

R. J. McLEAN . . . . . *Manager*

H. F. CHRITCHLEY . . . . . *Treasurer and Assistant Manager*

### SECURITY LUMBER COMPANY, LIMITED, MOOSE JAW, SASK.

J. W. HAMILTON . . . . . *Manager*

G. H. O. FRIEL . . . . . *Treasurer*

**CANADIAN WESTERN LUMBER COMPANY, LIMITED**

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Notice of Annual Meeting

*To the Shareholders of*

CANADIAN WESTERN LUMBER COMPANY, LIMITED

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of CANADIAN WESTERN LUMBER COMPANY, LIMITED will be held in Salon "M", Hotel Vancouver, in the City of Vancouver, B. C., Canada, at the hour of 12 o'clock noon, on Wednesday, the 21st day of April, 1954, to receive and consider the Annual Report of the Directors for the year ended December 31, 1953, the Financial Statements of the Company and the Report of the Auditors; to elect Directors; to appoint Auditors; and to transact such other business as may properly be brought before the Meeting.

By Order of the Board of Directors,

W. A. WALKER,  
*Secretary.*

VANCOUVER, B. C., DECEMBER 9TH, 1953.

**CANADIAN WESTERN LUMBER COMPANY, LIMITED**  
and its Subsidiary Companies

**FORTY-FOURTH ANNUAL REPORT OF THE DIRECTORS**

To be submitted at the Annual Meeting to be held in Vancouver on the  
21st day of April, 1954, at 12 o'clock noon.

TO THE SHAREHOLDERS:

Consolidated net income for the year ended December 31, 1953 was \$3,071,273, compared with \$2,879,011 for the previous year, an increase of \$192,262 or 6½%.

Sales and the production of our mills and factories increased substantially over the previous year and slightly over the year 1951. Profit from the increase in sales volume and reduction in rates of federal income tax were largely offset by a decline in the average sales price of lumber and an increase in production costs. The new provincial tax of 10% on logging income did not become effective until October 1, 1953; consequently its effect on the current year's profit was minor.

Distribution of lumber sales by volume was as follows:

Canada .....	33%
United States .....	38%
United Kingdom .....	12%
Other Sterling areas .....	10%
Remainder .....	7%

The United States again absorbed the major portion of our shingle production. Practically all our plywood and door shipments were to Canadian destinations.

After deduction of two dividends of 12½c per share, or \$799,137, paid during the year, consolidated earned surplus amounted to \$23,255,528 at December 31, 1953, compared with \$16,429,653 at the end of the previous year. The increase of \$6,825,875, represents net income for the year of \$3,071,273; transfer to earned surplus of certain reserves no longer required totalling \$2,858,505; and net credit to earned surplus of \$1,695,234 for adjustments of book values coincident with the exchange of shares by a majority of the shareholders of our Company for those of Crown Zellerbach Corporation, less dividends paid during the year, all as set forth in the consolidated statement of earned surplus submitted herewith.

During the year additional timberlands were acquired at a cost of approximately \$1 million.

During 1954 further improvements to our plywood plant are necessary which will require an expenditure of about \$1 million, additional improvements are to be made in the lumber mill

at an estimated cost of \$750,000, and another \$1 million will be required for purchase of timber under option. Moreover, Elk Falls Company Limited, jointly owned by our Company and Pacific Mills, Limited, is planning to construct a new unit at its plant at Duncan Bay, B. C. It is expected that our Company and Pacific Mills, Limited will provide the funds required for this new unit presently estimated to cost at least \$15 million. In anticipation of the expenditures required for these purposes, a very substantial portion of which must be provided by retention of earnings, your Directors have deemed it advisable to suspend payment of dividends.

During the year Mr. H. J. Mackin resigned as President and Director. He had been associated with our Company since its inception in 1910. He had been a Director since 1935 and was President of our Company for over 14 years. Your Directors wish to express their appreciation of his long and valued service. Subsequently Mr. Mackin was elected a Director of Crown Zellerbach Corporation.

In February, 1954 Mr. F. N. Youngman was elected Director and made Chairman of the Board.

Mr. R. J. Filberg, formerly First Vice-President, has been appointed President.

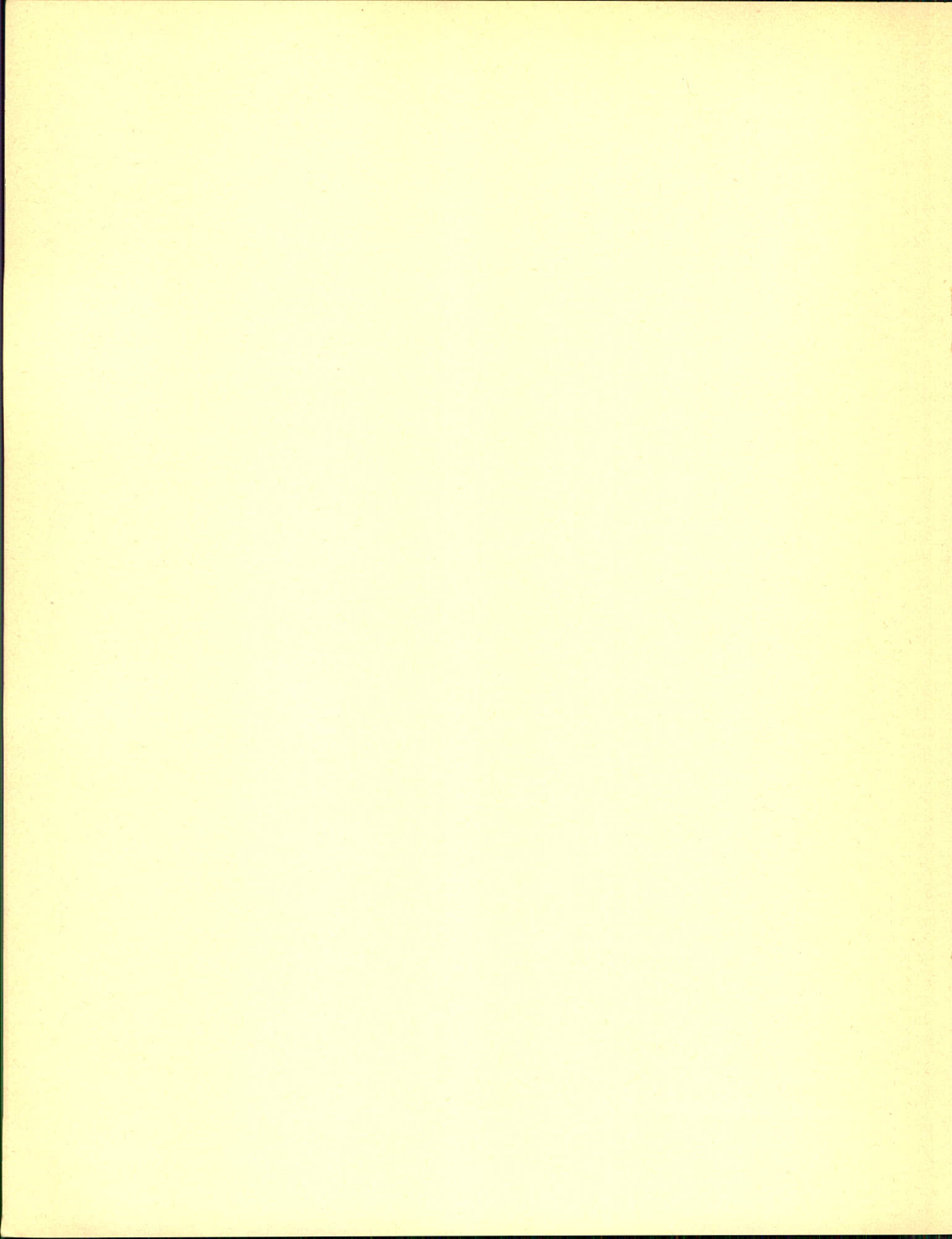
Mr. W. J. Mackin, formerly Assistant General Manager, has been made First Vice-President. Mr. J. C. Sheasgreen, who formerly was Manager of our logging subsidiary, has been made a Vice-President in charge of logging production; it is proposed to nominate him as an additional Director at the Annual Meeting to which this report is submitted.

Your Directors again record their appreciation of the loyal and efficient services of Management and all other employees of our Company and its subsidiaries.

For the Directors

R. J. FILBERG,  
President.

Vancouver, B. C.,  
April 1, 1954.





**CANADIAN WESTERN LUMBER COMPANY, LIMITED**  
and its Subsidiary Companies

**CONSOLIDATED  
STATEMENTS**

Year ended December 31st, 1953

# CANADIAN WESTERN LU

And its Subsidi

## CONSOLIDATED BALANCE SH

### ASSETS

#### CURRENT ASSETS:

Cash on hand and in bank .....	\$ 1,818,587	
Government of Canada bonds, at the lower of cost or market .....	476,028	
Notes and accounts receivable less allowances for losses .....	2,695,207	
Inventories valued at the lower of cost or market .....	10,650,775	
		<u>\$15,640,597</u>

#### INVESTMENTS AND LONG TERM RECEIVABLES:

Investment in Elk Falls Company Limited, at cost less amount written off .....	4,109,815	
Other investments, at cost .....	174,089	
Accounts receivable less allowances for losses .....	57,382	
		<u>4,341,286</u>

#### PROPERTIES:

Buildings, machinery and equipment, at cost .....	15,995,956	
Less allowance for depreciation .....	10,519,891	
	<u>5,476,065</u>	
Timberlands and leases, land and logging facilities, net of depletion and amortization .....	7,797,967	
Deposit on timber purchases .....	1,000,000	
		<u>14,274,032</u>

DEFERRED CHARGES TO OPERATIONS .....		<u>168,281</u>
		<u>\$34,424,196</u>

Approved on behalf of the Board:

R. J. FILBERG     }  
M. F. RYAN        } Directors.

# MBER COMPANY, LIMITED

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EET AS AT DECEMBER 31, 1953

## LIABILITIES

### CURRENT LIABILITIES:

Accounts payable .....	\$ 1,462,950	
Sinking fund requirements due June 1, 1954, less bonds deposited with and redeemed by the Trustee.....	399,197	
Accrued Federal and Provincial taxes on income.....	1,600,065	
		\$ 3,462,212

### FIRST MORTGAGE 4% SINKING FUND BONDS, MATURING AUGUST 1, 1962:

Authorized and issued.....	4,158,000	
Less cash in hands of Trustee and sinking fund requirements due June 1, 1954.....	636,494	
		3,521,506

### CAPITAL STOCK:

Common shares of no par value:

Authorized—3,200,000 shares	
Issued, outstanding and fully paid—	
3,196,550 shares (including 3,000 shares issued during the year for \$27,000 cash).....	4,184,950

EARNED SURPLUS .....	23,255,528	
		27,440,478
		<u>\$34,424,196</u>

### Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Canadian Western Lumber Company, Limited and its subsidiary companies as at December 31, 1953, and the consolidated statements of profit and loss and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the above consolidated balance sheet and related consolidated statements of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of Canadian Western Lumber Company, Limited and its subsidiary companies as at December 31, 1953, and the results of their operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the respective companies.

VANCOUVER, British Columbia.  
February 1, 1954.

HELLIWELL, MACLACHLAN & CO.,  
Chartered Accountants.

# CANADIAN WESTERN LUMBER COMPANY, LIMITED

And its Subsidiary Companies

## CONSOLIDATED STATEMENT OF EARNED SURPLUS

For the year ended December 31, 1953

Balance, December 31, 1952.....		\$16,429,653
Appropriated surplus transferred to earned surplus:		
Reserve for general purposes and contingencies .....	\$1,858,505	
Reserve for timber acquisitions.....	1,000,000	
		2,858,505
Adjustments added thereto:		
Reserves against inventories, receivables and investments and provision for liabilities in excess of requirements.....	2,014,915	
Capitalization of charges to net income in prior years.....	8,408	
Restoration of part of the cost of Interior timber written off.....	700,089	
		2,723,412
Less:		
Restoration of portion of accumulated depreciation eliminated in prior years.....	\$ 454,646	
Inter-company profits included in inventory at December 31, 1952.....	133,347	
Allowance for share of losses of Elk Falls Company Limited from inception to June 30, 1953.....	440,185	
		1,028,178
		1,695,234
Add net income for the year ended December 31, 1953.....		20,983,392
		3,071,273
		24,054,665
Deduct two dividends declared of 12½ cents per share paid April 15 and July 15, 1953 respectively.....		799,137
		\$23,255,528

**CANADIAN WESTERN LUMBER COMPANY, LIMITED**  
**And its Subsidiary Companies**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**  
**For the year ended December 31, 1953**

Net operating income after deducting directors' fees \$10,000, salaries of executive officers and legal fees and costs \$265,438.....		\$8,283,118
Income from investments.....		16,791
		8,299,909
<i>Deduct:</i>		
Interest on first mortgage sinking fund bonds.....	\$ 170,123	
Depletion of timber.....	327,854	
Provision for depreciation.....	1,610,659	
Provision for Federal and Provincial taxes on income.....	3,120,000	
		5,228,636
Net income for the year.....		\$3,071,273

